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October 14, 2002

TN REGULATORY AUTHORITY  
DOCKET ROOM

Chairman Sara Kyle  
Tennessee Regulatory Authority  
460 James Robertson Parkway  
Nashville, Tennessee 37243-0505

Dear Commissioner Kyle:

As you know, there is a national debate raging over the continued availability and pricing of the unbundled network element platform (UNEP) as provided for in the Telecommunications Act of 1996. The Federal Communications Commission is currently evaluating whether UNEP should continue to be provided to competitive market entrants under present terms and conditions.

The Bell Operating Companies, pressured by a multitude of market forces, are engaged in an unprecedented anti-UNEP advocacy campaign characterized by threats, distortion and political manipulation. They argue that UNEP should only be a transitional mechanism to facilities-based competition, at most, yet their ultimate objective is to kill competition.

UNEP is not a problem for the Bell Operating Companies, it's an opportunity. Now that the Bells have obtained, or may soon obtain, long distance authority in many states, they call for the elimination of UNEP. The BOCs, therefore, want to eliminate the only vehicle for local consumer and small business competition at the same time they are permitted to provide long-distance service. That is exactly the opposite of the stated goal of the Act: competition for all telecommunications services.

It's classic monopolistic maneuvering. Support UNEP-based competition until all markets are open, then argue for a facilities-based replacement of UNEP earlier than economically feasible for any new competitor, pressure regulators to change the rules, eliminate the competition and re-monopolize the market.

The Bell Operating Companies are monopolists fighting to preserve monopolistic profits and continued market dominance at every turn, by any means. They are blaming UNEP, and attacking legislators and regulators who support it, for financial woes that are driven by entirely different issues including wireless substitution and a depressed economy. They fail to tell regulators of the double-digit long-distance market share they typically capture in the first few months of market entry, at gross margins twice the level of UNEP-based local.

Unfortunately, the Bell-sponsored rhetoric and pressure has intensified and recent comments by Chairman Powell indicate a predilection for change in favor of facilities-based competition "to create workable economic foundations for competition."

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After many long years, UNEP does now, in fact, provide a workable economic foundation for competition. As one who leads the country's largest consumer UNEP-based local services business, I can attest to both the vitality of the competitive consumer local exchange market today and the workable economic business model that supports it. Competitive local exchange carriers like MCI are taking local market share and Bell Operating Companies like SBC, Verizon and Bell South are taking long-distance market share and consumers are the beneficiaries.

The Act has finally begun to work and UNEP has finally evolved to a workable economic model on which a future of vibrant communications competition can be built.

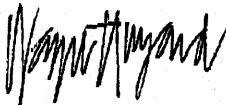
The FCC should allow UNEP-based competition to develop beyond its nascent stage, and let market forces and technology drive the transition to facilities wherever it is economically possible, without artificial triggering mechanisms...or competition will die.

I urge you to stand strong in the face of Bell Operating Company self-interest, to fight for regulatory stability and certainty, and to serve the interest of consumers by advancing the spirit and intent of the Telecommunications Act of 1996 which is clear in its provision and application of UNEP. The future of consumer communications competition depends on it.

The Bell Operating Companies want to end UNEP and kill competition.

I urge you to stand strong for competition and America's consumers by standing strong for UNEP.

Respectfully,



Wayne E. Huyard  
President, Mass Markets